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From: Davis, Stacey ROXUS <ohler@boehringer-ingelheim.com>
Sent: Friday, September 15, 2000 3:47 PM
To: zzCOL All Roxane Local Email Users <all roxane email users@boehringer-ingelheim.com>
Subject: Texas Lawsuit Announcement
Attach: Texas Lawsuit Announcement.doc

The attached announcement is from *Werner Gerstenberg*.

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Employee Bulletin

ABCD

To all RLI Employees:

By now you may have read about the suit that was filed against Roxane Laboratories, Dey, and Warrick Laboratories by the Texas Attorney General alleging Medicaid fraud. We are confident that the investigation of this matter will show that there has been no wrongdoing.

The following is a brief summary of the suit as it has been reported:

Texas alleges that Warrick, Dey and Roxane were able to capture market share by selling to pharmacies at a reduced price, while the pharmacies were reimbursed at the inflated rate.

The Texas Medicaid Program allegedly bases its payments for Medicaid claims on statements of acquisition costs provided by manufacturers. The Attorney General claims that "The Texas Medicaid Program relied on the false and deceptive inflated prices and costs reported by the defendants and thus was defrauded into paying amounts that substantially exceeded a true and correct price for the drugs in question."

According to the Attorney General, "The Texas Department of Health's Medicaid overpayments "created a 'spread' that would financially benefit [the defendants'] Texas Medicaid provider customers and thus induce them to order, prescribe, dispense or administer the defendants' specified pharmaceuticals."

We would like to assure you that all of our products are marketed in full compliance with the law. We were, therefore, surprised and disappointed by this legal action in Texas. Roxane has been cooperating fully with the Texas Attorney General's ongoing investigation into this matter and will continue to do so. To that end, Boehringer Ingelheim Corporation's legal department has put together a team of internal and external attorneys to coordinate activities in connection with this suit, and we will keep you informed as we proceed.

With kindest personal regards,

Werner Gerstenberg

cc: Management Forum
Management Team